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Thomas C. Hermanson
Tax Services Provider

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**FINAL FEE APPLICATION OF DELOITTE TAX LLP FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS
TAX SERVICES PROVIDER FROM OCTOBER 15, 2018 THROUGH JUNE 30, 2022**

| | |
|--|---|
| Name of Applicant: | Deloitte Tax LLP |
| Retained to Provide Professional Services as: | Tax Services Provider |
| Date of Retention: | Effective <i>Nunc Pro Tunc</i> to October 15, 2018 by Order entered January 22, 2019 [Docket No. 1735] |
| Period for which Compensation and Reimbursement is Sought: | October 15, 2018 – June 30, 2022 |
| Total Amount of Fees Requested: | \$ 5,112,308.00 |
| Amount of Expense Reimbursement Sought | \$ <u>86,889.85</u> |
| Total Amount of Fees and Expense Reimbursement Sought as Actual, Reasonable and Necessary | <u>\$ 5,199,197.85</u> |

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears de Puerto Rico, Inc. (3626)); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation (4658)); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is c/o M-III Partners, LP, 1700 Broadway, 19th Floor, New York, NY 10019.

This is a(n) _____ Monthly _____ Interim X Final Fee Application/Statement

PRIOR MONTHLY FEE APPLICATIONS FILED

| Date Filed | Period Covered | Requested Fees | Requested Expenses | Approved Fees | Approved Expenses |
|------------------------|----------------------------|-----------------------|---------------------------|----------------------|--------------------------|
| 03/07/19 Dkt. 2771 | 10/15/2018 – 11/30/2018 | \$1,001,528.00 | \$28,458.18 | \$1,001,528.00 | \$28,436.80 |
| 04/15/19 Dkt. 3212 | 12/01/2018 – 12/31/2018 | \$724,338.50 | \$10,156.37 | \$724,338.50 | \$10,156.37 |
| 04/15/19 Dkt. 3218 | 01/01/2019 – 01/31/2019 | \$975,867.00 | \$27,305.81 | \$975,867.00 | \$27,305.81 |
| 04/15/19 Dkt. 3219 | 02/01/2019 – 02/28/2019 | \$565,589.75 | \$4,349.96 | \$561,773.50 | \$4,349.96 |
| 06/13/19 Dkt. 4228 | 03/01/2019 – 03/31/2019 | \$564,154.00 | \$9,051.99 | \$564,154.00 | \$9,051.99 |
| 06/28/19 Dkt. 4386 | 04/01/2019 – 04/30/2019 | \$542,700.75 | \$5,068.85 | \$542,700.75 | \$5,068.85 |
| 08/12/19 Dkt. 4816 | 05/01/2019 – 05/31/2019 | \$216,380.75 | \$2,437.90 | \$216,380.75 | \$2,437.90 |
| 08/12/19 Dkt. 4819 | 06/01/2019 – 06/30/2019 | \$62,360.50 | \$82.17 | \$62,360.50 | \$82.17 |
| 11/21/19 Dkt. 6070 | 07/01/2019 – 08/31/2019 | \$122,139.50 | \$0.00 | \$122,139.50 | \$0.00 |
| 11/21/19 Dkt. 6071 | 09/01/2019 – 09/30/2019 | \$8,891.00 | \$0.00 | \$8,891.00 | \$0.00 |
| 12/04/19 Dkt. 6134 | 10/01/2019 – 10/31/2019 | \$10,333.00 | \$0.00 | \$10,333.00 | \$0.00 |
| 06/04/20 Dkt. 8003 | 11/01/2019 – 03/31/2020 | \$53,343.50 | \$0.00 | \$53,343.50 | \$0.00 |
| 01/04/21 Dkt. 9212 | 04/01/2020 – 10/31/2020 | \$60,260.00 | \$0.00 | \$48,208.00 | \$0.00 |
| 05/11/22 Dkt. 10431 | 11/01/2020 – 12/31/2021 | \$197,151.50 | \$0.00 | \$157,721.20 | \$0.00 |
| TBD | 01/01/2022 – 06/30/2022 | \$10,878 | | | |

PRIOR INTERIM FEE APPLICATIONS FILED

| Date Filed / Docket # | Period Covered | Requested Fees | Requested Expenses | Approved Fees | Approved Expenses |
|----------------------------------|---------------------------|------------------------|-------------------------------|--------------------------|------------------------------|
| 04/15/19 Dkt. 3220 | 10/15/2018 - 02/28/2019 | \$ 3,263,507.00 | \$ 70,248.94 | \$ 3,263,507.00 | \$ 70,248.94 |
| 08/14/19 Dkt. 4848 | 03/01/2019 - 06/30/2019 | \$ 1,385,726.00 | \$ 16,640.91 | \$ 1,385,726.00 | \$ 16,640.91 |
| 12/04/19 Dkt. 6137 | 07/01/2019 - 10/31/2019 | \$ 141,363.50 | | \$ 141,363.50 | \$ - |
| 05/11/22 Dkt. 10433 | 11/01/2019 - 03/31/2020 | \$ 53,422.00 | \$ - | \$ - | \$ - |
| 05/11/22 Dkt. 10434 | 04/01/2020 - 12/31/2021 | \$ 257,411.50 | \$ - | \$ - | \$ - |
| TOTAL | | \$ 5,101,430.00 | \$ 86,889.85 | \$ 4,790,596.50 | \$ 86,889.85 |

PERSONNEL

For the Final Fee Application Period from October 15, 2018 – June 30, 2022

| Professional | Level | Rate | Hours | Fees |
|-------------------------------|-------------------|----------|------------|-------------------|
| <i>Employment Tax</i> | | | | |
| Drigotas, Elizabeth | Partner/Principal | \$975.00 | 4.4 | \$4,290.00 |
| Hermanson, Tom | Managing Director | \$850.00 | 0.4 | \$340.00 |
| Broomhead, Nick | Senior Manager | \$725.00 | 0.4 | \$290.00 |
| Professional Subtotal: | | | 5.2 | \$4,920.00 |

| Professional | Level | Rate | Hours | Fees |
|-------------------------------------|-------------------|----------|------------|-------------------|
| <i>Engagement Procedures</i> | | | | |
| Hermanson, Tom | Managing Director | \$850.00 | 1.0 | \$850.00 |
| Browning, Maria | Senior Consultant | \$450.00 | 2.2 | \$990.00 |
| Chatten, Colin | Consultant | \$325.00 | 6.2 | \$2,015.00 |
| Professional Subtotal: | | | 9.4 | \$3,855.00 |

| Professional | Level | Rate | Hours | Fees |
|-------------------------------|-------------------|----------|------------|-------------------|
| <i>Firm Retention</i> | | | | |
| Hermanson, Tom | Managing Director | \$850.00 | 2.0 | \$1,700.00 |
| Professional Subtotal: | | | 2.0 | \$1,700.00 |

| Professional | Level | Rate | Hours | Fees |
|----------------------------------|-------------------|----------|--------------|---------------------|
| <i>Non-Working Travel</i> | | | | |
| Collins, Bryan | Partner/Principal | \$975.00 | 48.7 | \$47,482.50 |
| Forrest, Jonathan | Partner/Principal | \$975.00 | 40.9 | \$39,877.50 |
| Collins, Bryan | Partner/Principal | \$850.00 | 2.4 | \$2,040.00 |
| Hoffman, David | Partner/Principal | \$850.00 | 4.1 | \$3,485.00 |
| Huston, Michael | Partner/Principal | \$850.00 | 1.6 | \$1,360.00 |
| Tzavelis, Elias | Partner/Principal | \$850.00 | 36.0 | \$30,600.00 |
| Baily, Brianna | Manager | \$595.00 | 18.7 | \$11,126.50 |
| Butler, Mike | Manager | \$595.00 | 86.1 | \$51,229.50 |
| Corrigan, Kevin | Manager | \$595.00 | 27.0 | \$16,065.00 |
| Fielding, Stephen | Manager | \$595.00 | 65.6 | \$39,032.00 |
| Browning, Maria | Senior Consultant | \$450.00 | 55.3 | \$24,885.00 |
| Allegretti, Joe | Consultant | \$325.00 | 80.5 | \$26,162.50 |
| Chatten, Colin | Consultant | \$325.00 | 41.7 | \$13,552.50 |
| Professional Subtotal: | | | 508.6 | \$306,898.00 |

| Professional | Level | Rate | Hours | Fees |
|---|-------------------|----------|--------------|--------------------|
| <i>Preparation of Fee Applications</i> | | | | |
| Hermanson, Tom | Managing Director | \$850.00 | 1.6 | \$1,360.00 |
| Hoffman, David | Partner/Principal | \$850.00 | 0.6 | \$510.00 |
| Sullivan, Brian | Managing Director | \$850.00 | 0.9 | \$765.00 |
| Tzavelis, Elias | Partner/Principal | \$850.00 | 0.1 | \$85.00 |
| Fielding, Stephen | Senior Manager | \$595.00 | 0.1 | \$59.50 |
| Chatten, Colin | Senior Consultant | \$450.00 | 7.6 | \$3,420.00 |
| McDonald, Carisa | Senior Consultant | \$450.00 | 4.4 | \$1,980.00 |
| McDonald, Carisa | Senior Consultant | \$325.00 | 3.9 | \$1,267.50 |
| Abrom, Carisa | Consultant | \$325.00 | 125.8 | \$40,885.00 |
| Chatten, Colin | Consultant | \$325.00 | 110.4 | \$35,880.00 |
| Gutierrez, Dalia | Consultant | \$325.00 | 8.5 | \$2,762.50 |
| Professional Subtotal: | | | 263.9 | \$88,974.50 |

| Professional | Level | Rate | Hours | Fees |
|--|-------------------|----------|-------------|--------------------|
| <i>State Tax Audit Services</i> | | | | |
| Bryan, Michael | Managing Director | \$975.00 | 7.2 | \$7,020.00 |
| Carleo, Robert | Managing Director | \$850.00 | 6.3 | \$5,355.00 |
| Dugan, Mike | Managing Director | \$850.00 | 1.5 | \$1,275.00 |
| Goertz, Ray | Managing Director | \$850.00 | 0.4 | \$340.00 |
| Hermanson, Tom | Managing Director | \$850.00 | 13.0 | \$11,050.00 |
| Hoffman, David | Partner/Principal | \$850.00 | 0.5 | \$425.00 |
| Kohberger, Mary | Managing Director | \$850.00 | 1.0 | \$850.00 |
| Sullivan, Brian | Managing Director | \$850.00 | 31.2 | \$26,520.00 |
| Trachtenberg, Jack | Partner/Principal | \$850.00 | 1.8 | \$1,530.00 |
| Tzavelis, Elias | Partner/Principal | \$850.00 | 3.2 | \$2,720.00 |
| Williams, Lance | Managing Director | \$850.00 | 0.3 | \$255.00 |
| Rutherford, Amber | Senior Manager | \$725.00 | 1.0 | \$725.00 |
| Bakaya, Shaheen | Manager | \$595.00 | 0.9 | \$535.50 |
| Caplan, Donald | Manager | \$595.00 | 0.5 | \$297.50 |
| Espinola, Jonthan | Manager | \$595.00 | 1.7 | \$1,011.50 |
| Fielding, Stephen | Manager | \$595.00 | 2.5 | \$1,487.50 |
| Yang, Annie | Manager | \$595.00 | 9.9 | \$5,890.50 |
| Browning, Maria | Senior Consultant | \$450.00 | 1.1 | \$495.00 |
| Uger, Anna | Senior Consultant | \$450.00 | 1.8 | \$810.00 |
| Chatten, Colin | Consultant | \$325.00 | 0.3 | \$97.50 |
| Chionchio, Michelle | Consultant | \$325.00 | 8.3 | \$2,697.50 |
| Fam, Frank | Consultant | \$325.00 | 2.0 | \$650.00 |
| Professional Subtotal: | | | 96.4 | \$72,037.50 |

| Professional | Level | Rate | Hours | Fees |
|--|-------------------|----------|-------|--------------|
| <i>Tax Restructuring Services</i> | | | | |
| Blinder, Michael | Managing Director | \$975.00 | 11.9 | \$11,602.50 |
| Bryan, Michael | Managing Director | \$975.00 | 11.1 | \$10,822.50 |
| Cohen, Harrison | Managing Director | \$975.00 | 0.5 | \$487.50 |
| Collins, Bryan | Partner/Principal | \$975.00 | 311.8 | \$304,005.00 |
| Drigotas, Elizabeth | Partner/Principal | \$975.00 | 0.4 | \$390.00 |

| | | | | |
|---------------------|-------------------|----------|-------|--------------|
| Forrest, Jonathan | Partner/Principal | \$975.00 | 344.1 | \$335,497.50 |
| Gareau, Matthew | Partner/Principal | \$975.00 | 0.3 | \$292.50 |
| Gibian, Craig | Partner/Principal | \$975.00 | 0.4 | \$390.00 |
| Pauls, William | Managing Director | \$975.00 | 63.2 | \$61,620.00 |
| Penico, Victor | Managing Director | \$975.00 | 4.1 | \$3,997.50 |
| Rohrs, Jane | Managing Director | \$975.00 | 2.0 | \$1,950.00 |
| Sullivan, Brian | Managing Director | \$975.00 | 11.6 | \$11,310.00 |
| Testoff, Robert | Partner/Principal | \$975.00 | 2.7 | \$2,632.50 |
| Van Deusen, Mark | Partner/Principal | \$975.00 | 3.0 | \$2,925.00 |
| Warco, Dave | Partner/Principal | \$975.00 | 0.5 | \$487.50 |
| Yanchisin, Helen | Managing Director | \$975.00 | 1.4 | \$1,365.00 |
| Boulos, Ala'a | Partner/Principal | \$850.00 | 34.0 | \$28,900.00 |
| Collins, Bryan | Partner/Principal | \$850.00 | 87.7 | \$74,545.00 |
| Corretjer, Michelle | Managing Director | \$850.00 | 3.1 | \$2,635.00 |
| Dugan, Mike | Managing Director | \$850.00 | 3.8 | \$3,230.00 |
| Fein, Brad | Partner/Principal | \$850.00 | 5.5 | \$4,675.00 |
| Gibian, Craig | Partner/Principal | \$850.00 | 4.0 | \$3,400.00 |
| Gordon, Jared | Managing Director | \$850.00 | 0.6 | \$510.00 |
| Halpern, Irwin | Managing Director | \$850.00 | 2.2 | \$1,870.00 |
| Hermanson, Thomas | Managing Director | \$850.00 | 84.1 | \$71,485.00 |
| Hoffman, David | Partner/Principal | \$850.00 | 93.9 | \$79,815.00 |
| Huston, Michael | Partner/Principal | \$850.00 | 52.5 | \$44,625.00 |
| Miller, Christian | Partner/Principal | \$850.00 | 0.4 | \$340.00 |
| Ng, Linda | Managing Director | \$850.00 | 6.2 | \$5,270.00 |
| Rossen, Michael | Managing Director | \$850.00 | 0.3 | \$255.00 |
| Simulis, Charlie | Managing Director | \$850.00 | 14.5 | \$12,325.00 |
| Stoops, Kenneth | Managing Director | \$850.00 | 3.6 | \$3,060.00 |
| Sullivan, Brian | Managing Director | \$850.00 | 225.7 | \$191,845.00 |
| Tarrant, Steve | Partner/Principal | \$850.00 | 29.5 | \$25,075.00 |
| Tilley, Art | Managing Director | \$850.00 | 0.4 | \$340.00 |
| Trachtenberg, Jack | Partner/Principal | \$850.00 | 0.3 | \$255.00 |
| Tzavelis, Elias | Partner/Principal | \$850.00 | 557.4 | \$473,790.00 |
| Walsh, Brian | Managing Director | \$850.00 | 2.0 | \$1,700.00 |
| Yoo, Peter | Partner/Principal | \$850.00 | 5.0 | \$4,250.00 |
| Anand, Rajiv | Senior Manager | \$725.00 | 2.0 | \$1,450.00 |
| Boyle, Matthew | Senior Manager | \$725.00 | 0.3 | \$217.50 |
| Butler, Mike | Senior Manager | \$725.00 | 34.9 | \$25,302.50 |
| Damin, John | Senior Manager | \$725.00 | 0.5 | \$362.50 |
| Espinola, Jonathan | Senior Manager | \$725.00 | 11.7 | \$8,482.50 |
| Fielding, Stephen | Senior Manager | \$725.00 | 33.1 | \$23,997.50 |
| Lauret, Kyle | Senior Manager | \$725.00 | 0.4 | \$290.00 |
| Newport, Cathy | Senior Manager | \$725.00 | 22.2 | \$16,095.00 |
| Omar, Fatin | Senior Manager | \$725.00 | 25.5 | \$18,487.50 |
| Paxton, Michael | Senior Manager | \$725.00 | 121.1 | \$87,797.50 |
| Savage, Tara | Senior Manager | \$725.00 | 75.1 | \$54,447.50 |
| Schaefer, Karl | Senior Manager | \$725.00 | 10.0 | \$7,250.00 |
| Wood, Robert | Senior Manager | \$725.00 | 0.4 | \$290.00 |
| Baily, Brianna | Manager | \$595.00 | 311.1 | \$185,104.50 |
| Blackwell, Chris | Manager | \$595.00 | 0.3 | \$178.50 |
| Bowen, Ryan | Manager | \$595.00 | 1.5 | \$892.50 |
| Brenner, Myles | Manager | \$595.00 | 0.4 | \$238.00 |

| | | | | |
|-------------------------------|-------------------|----------|----------------|-----------------------|
| Butler, Mike | Manager | \$595.00 | 907.4 | \$539,903.00 |
| Byun, Lydia | Manager | \$595.00 | 5.4 | \$3,213.00 |
| Corrigan, Kevin | Manager | \$595.00 | 353.4 | \$210,273.00 |
| Dempsey, Jacob | Manager | \$595.00 | 29.5 | \$17,552.50 |
| Espinola, Jonathan | Manager | \$595.00 | 369.8 | \$220,031.00 |
| Fielding, Stephen | Manager | \$595.00 | 600.3 | \$357,178.50 |
| Frausto Cornish, Maria | Manager | \$595.00 | 16.7 | \$9,936.50 |
| Jerwick, Erika | Manager | \$595.00 | 13.3 | \$7,913.50 |
| Lowry, Jamie | Manager | \$595.00 | 57.7 | \$34,331.50 |
| Modi, Archita | Manager | \$595.00 | 2.0 | \$1,190.00 |
| Moore, Catherine | Manager | \$595.00 | 1.0 | \$595.00 |
| Schreiber, Mendy | Manager | \$595.00 | 31.0 | \$18,445.00 |
| Suresh, Shalini | Manager | \$595.00 | 7.4 | \$4,403.00 |
| Vietti, Will | Manager | \$595.00 | 3.6 | \$2,142.00 |
| Ahmadi, Cyavash | Senior Consultant | \$450.00 | 31.1 | \$13,995.00 |
| Baltuskonis, Nathan | Senior Consultant | \$450.00 | 0.6 | \$270.00 |
| Browning, Maria | Senior Consultant | \$450.00 | 507.5 | \$228,352.50 |
| Chan, Felix | Senior Consultant | \$450.00 | 8.6 | \$3,870.00 |
| Chatten, Colin | Senior Consultant | \$450.00 | 18.0 | \$8,100.00 |
| Feldscher, Taylor | Senior Consultant | \$450.00 | 56.5 | \$25,425.00 |
| Harrell, Frank | Senior Consultant | \$450.00 | 0.4 | \$180.00 |
| Ko, Youngbok | Senior Consultant | \$450.00 | 42.8 | \$19,260.00 |
| Malik, Sana | Senior Consultant | \$450.00 | 47.2 | \$21,240.00 |
| Maxey, Tim | Senior Consultant | \$450.00 | 8.3 | \$3,735.00 |
| Patel, Ankur | Senior Consultant | \$450.00 | 8.7 | \$3,915.00 |
| Riccio, Meghan | Senior Consultant | \$450.00 | 6.1 | \$2,745.00 |
| Schreiber, Mendy | Senior Consultant | \$450.00 | 218.9 | \$98,505.00 |
| Suresh, Shalini | Senior Consultant | \$450.00 | 18.8 | \$8,460.00 |
| Wang, Wei | Senior Consultant | \$450.00 | 0.7 | \$315.00 |
| Wright, Tory | Senior Consultant | \$450.00 | 0.5 | \$225.00 |
| Allegretti, Joe | Consultant | \$325.00 | 943.8 | \$306,735.00 |
| Allen, Michael | Consultant | \$325.00 | 1.4 | \$455.00 |
| Atwal, Justin | Consultant | \$325.00 | 305.1 | \$99,157.50 |
| Campbell, Anthony | Consultant | \$325.00 | 2.0 | \$650.00 |
| Chatten, Colin | Consultant | \$325.00 | 586.4 | \$190,580.00 |
| Chen, Kelsey | Consultant | \$325.00 | 23.9 | \$7,767.50 |
| Elandary, Hannah | Consultant | \$325.00 | 15.9 | \$5,167.50 |
| Fairchild, Chris | Consultant | \$325.00 | 59.0 | \$19,175.00 |
| Gandhi, Shivani | Consultant | \$325.00 | 18.3 | \$5,947.50 |
| Gopal, Rahul | Consultant | \$325.00 | 0.6 | \$195.00 |
| Hospodarsky, Sarah | Consultant | \$325.00 | 88.8 | \$28,860.00 |
| Hybl, Claire | Consultant | \$325.00 | 29.9 | \$9,717.50 |
| Kim, Charlie | Consultant | \$325.00 | 1.9 | \$617.50 |
| Perez, Cristian | Consultant | \$325.00 | 9.0 | \$2,925.00 |
| Rahman, Rahat | Consultant | \$325.00 | 12.2 | \$3,965.00 |
| Shrestha, Rosy | Consultant | \$325.00 | 3.1 | \$1,007.50 |
| Snow, Allie | Consultant | \$325.00 | 2.5 | \$812.50 |
| Soni, Kumail | Consultant | \$325.00 | 9.0 | \$2,925.00 |
| Wolter, Devin | Consultant | \$325.00 | 9.0 | \$2,925.00 |
| Professional Subtotal: | | | 8,131.2 | \$4,770,138.50 |

| Professional | Level | Rate | Hours | Fees |
|---|----------------------|-----------------|----------------|-----------------------|
| <i>Tax Transaction Services</i> | | | | |
| Hermanson, Tom | Managing Director | \$850.00 | 1.2 | \$1,020.00 |
| Yanchisin, Helen | Managing Director | \$625.00 | 8.4 | \$5,250.00 |
| Enkhbayar, Tuya | Manager | \$320.00 | 1.2 | \$384.00 |
| Wrobel, Alex | Senior Consultant | \$210.00 | 43.0 | \$9,030.00 |
| Boyle, Connor | Consultant | \$185.00 | 37.7 | \$6,974.50 |
| Professional Subtotal: | | | 91.5 | \$22,658.50 |
| Less: 50% Non-Working Travel Reduction | | | | (\$153,449.00) |
| Less: Voluntary Reduction of Preparation of Fee Applications | | | | (\$5,425.00) |
| Total | Blended Rate: | \$561.29 | 9,108.2 | \$5,112,308.00 |

COMPENSATION BY CATEGORY

For the Final Fee Application Period from October 15, 2018 – June 30, 2022

| Categories | Hours | Fees |
|----------------------------------|----------------|-----------------------|
| Employment Tax | 5.2 | \$4,920.00 |
| Engagement Procedures | 9.4 | \$3,855.00 |
| Firm Retention | 2.0 | \$1,700.00 |
| Non-Working Travel | 508.6 | \$306,898.00 |
| Preparation of Fee Applications | 263.9 | \$88,974.50 |
| State Tax Audit Services | 96.4 | \$72,037.50 |
| Tax Restructuring Services | 8,131.2 | \$4,770,138.50 |
| Tax Transaction Services | 91.5 | \$22,658.50 |
| Fee's Category Subtotal : | 9,108.2 | \$5,271,182.00 |

| Adjustment | | |
|---|----------------|-----------------------|
| 50% Non-Working Travel Reduction | | (\$153,449.00) |
| Voluntary Reduction for Preparation of Fee Applications | | (\$5,425.00) |
| Adjustment Subtotal : | | (\$158,874.00) |
| Total | 9,108.2 | \$5,112,308.00 |

EXPENSES BY CATEGORY

For the Final Fee Application Period from October 15, 2018 – June 30, 2022

| Expense Categories | Total Expenses for the Period |
|---------------------------------|-------------------------------|
| Meals | \$7,275.09 |
| Airfare | \$33,182.34 |
| Hotel | \$29,341.80 |
| Transportation | \$16,382.25 |
| Internet Access While Traveling | \$437.63 |
| Auto Parking | \$231.50 |
| Mileage | \$39.24 |
| Expense Category Subtotal : | <hr/> \$86,889.85 |

Deloitte Tax LLP
111 S. Wacker Drive
Chicago, Illinois 60606-4301
Telephone: 312-486-9858
Thomas C. Hermanson
Tax Services Provider

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et*
al.,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**FINAL FEE APPLICATION OF DELOITTE TAX LLP FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS
TAX SERVICES PROVIDER FROM OCTOBER 15, 2018 THROUGH JUNE 30, 2022**

Pursuant to sections 105 and 330 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (collectively the “Bankruptcy Rules”), Rule 2016-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Southern District of New York adopted by the Court on November 25, 2009 (the “Local Rules”), United States Bankruptcy Court of the Southern District of New York’s General Order M-447 signed on January 29, 2013 by Chief Judge Cecelia G. Morris (the “General

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears de Puerto Rico, Inc. (3626)); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation (4658)); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRE Holding Corporation (4816). The location of the Debtors’ corporate headquarters is c/o M-III Partners, LP, 1700 Broadway, 19th Floor, New York, NY 10019.

Order”) and this Court’s Order Pursuant to Sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated November 16, 2018 (the “Interim Compensation Order”) (Docket No. 796), Deloitte Tax LLP (“Deloitte Tax” or “Applicant”), as the Debtors’ tax services provider, hereby submits its final fee application (“Final Fee Application”) for final compensation of professional services performed by and reimbursement of expenses incurred by Deloitte Tax for the period commencing October 15, 2018 through and including June 30, 2022 (the “Final Fee Application Period”).

By this Final Fee Application, Deloitte Tax seeks final allowance of compensation in the amount of \$5,112,308.00 and reimbursement of actual and necessary expenses incurred in the amount of \$86,889.85 for a total allowance of \$5,199,197.85 for the Final Fee Application Period.

JURISDICTION

1. The Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

STATUTORY BASIS

2. The statutory predicates for the relief requested herein are: (i) sections 328 and 330 of the Bankruptcy Code; (ii) rule 2016 of the Bankruptcy Rules; (iii) rule 2016-1 of the Local Rules; and (iv) the Interim Compensation Order. This Final Fee Application has been prepared in accordance with General Order 447 and the *United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330*, effective January 30, 1996 (the “UST Guidelines” and, together with the General Order 447, the “Guidelines”). Pursuant to the Guidelines, a certification regarding compliance with the Guidelines is attached hereto as Exhibit C.

BACKGROUND

3. On October 15, 2018 (the “Petition Date”),² the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. The Debtors’ cases are being jointly administered for procedural purposes pursuant to Bankruptcy Rule 1015 (b).

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these cases are proper under 28 U.S.C. §§ 1408 and 1409.

5. On October 24, 2018, the Office of the United States Trustee for the Southern District of New York appointed an official committee of unsecured creditors in these chapter 11 cases pursuant to section 1102 of the Bankruptcy Code.

RETENTION OF DELOITTE TAX LLP

6. The retention of Deloitte Tax, as tax services provider was approved effective October 15, 2018 by this Court’s Order Authorizing the Debtors to Retain Deloitte Tax LLP as Tax Services Provider for the Debtors *Nunc Pro Tunc* to October 15, 2018 entered on or about January 22, 2019 (the “Retention Order”) (Docket No. 1735). The Retention Order authorized the Debtors to employ Deloitte Tax pursuant to the terms and conditions set forth in (i) that certain work order, dated February 1, 2018 to provide certain tax advisory services related to the Debtors’ debt exchange transaction (the “Transaction Work Order”); and (ii) that certain work order, dated October 15, 2018, to provide certain tax advisory services relating to the Debtors’ restructuring (the “Restructuring Work Order”) (collectively, the “Engagement Agreements”) between Deloitte

² All of the Debtors filed for chapter 11 on October 15, 2018, with the exception of SHC Licensed Business LLC (filed on October 18, 2018), SHC Promotion LLC (filed on October 22, 2018) and SRe Holding Corporation (filed on January 7, 2019).

Tax and the Debtors. Pursuant to the Retention Order, Deloitte Tax was authorized to perform and to be compensated for professional services and reimbursed for actual and necessary expenses incurred on behalf of the Debtors effective October 15, 2018, subject to application to this Court as set forth therein.

7. Deloitte Tax submitted its First Interim Fee Application for the period October 15, 2018 through February 28, 2019 seeking \$3,263,507.00 in fees and \$70,248.94 in expenses on April 15, 2019 [Docket No. 3220]. On July 1, 2019 [Docket No.4409], the Court awarded the Applicant \$3,263,507.00 in fees and \$70,248.94 in expenses.

8. Deloitte Tax submitted its Second Interim Fee Application for the period March 1, 2019 through June 30, 2019 seeking \$1,385,726.00 in fees and \$16,640.91.00 in expenses on August 14, 2019 [Docket No. 4848]. On October 24, 2019 [Docket No.5507], the Court awarded the Applicant \$1,385,726.00 in fees and \$16,640.91.00 in expenses.

9. Deloitte Tax submitted its Third Interim Fee Application for the period July 1, 2019 through October 31, 2019 seeking \$141,363.50 in fees on December 4, 2019 [Docket No. 6137]. On January 31, 2020 [Docket No.6811], the Court awarded the Applicant \$141,363.50 in fees.

10. Deloitte Tax submitted its Fourth Interim Fee Application for the period November 1, 2019 through March 31, 2020 seeking \$53,422.00 in fees [Docket No. 10433].

11. Deloitte Tax submitted its Fifth Interim Fee Application for the period April 1, 2020 through December 31, 2021 seeking \$257,411.50 in fees.

REQUESTED FEES AND REIMBURSEMENT OF EXPENSES

12. All services for which Deloitte Tax requests compensation were performed for the Debtors. Deloitte Tax has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Final Fee Application, except as set forth herein. There is no agreement or

understanding between Deloitte Tax and any nonaffiliated person or unrelated person for the sharing of compensation to be received for services rendered in these chapter 11 cases.

13. The time detail for the Final Fee Application Period was attached to Deloitte Tax's prior interim fee applications or, in the case of time incurred in the period from January 1, 2022 through June 30, 2022, is attached hereto as Exhibit A. This statement contains daily time logs describing the time spent by each professional and paraprofessional during the above-referenced period. To the best of Deloitte Tax's knowledge, this Final Fee Application substantially complies with section 330 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the General Order and the Interim Compensation Order (except as set forth herein). Deloitte Tax's time reports were entered and organized by the professional or paraprofessional performing the described services on a daily basis.

14. A summary of actual and necessary expenses incurred by Deloitte Tax for the Final Fee Application Period was attached to Deloitte Tax's prior interim fee applications or, in the case of time incurred in the period from January 1, 2022 through June 30, 2022, is attached hereto as Exhibit B. Deloitte Tax does not charge for photocopying, out-going facsimile transmissions, or long distance telephone calls on faxes. Deloitte Tax does not charge the Debtors for the receipt of faxes.

15. The services rendered by Deloitte Tax during the Final Fee Application Period can be grouped into the categories set forth below. Deloitte Tax attempted to place the services provided in the category that best related to such services. However, because certain services may relate to one or more categories, services pertaining to one category may in fact be included in another category. These services performed, by categories, are generally described below.

16. Certain of Deloitte Tax's affiliates, namely Deloitte Transactions and Business Analytics LLP and Deloitte & Touche LLP, have also provided services to the Debtors, which

were approved by separate retention orders of this Court, both entered on January 22, 2019 (Dockets 1734 and 1736, respectively). The fees and expenses of these entities have been the subject of separate final fee applications which were approved by the Court.

SUMMARY OF SERVICES PERFORMED

17. This Final Fee Application covers the fees incurred during the Final Fee Application Period. Deloitte Tax believes it appropriate to be compensated for the time spent in connection with these matters, and sets forth a narrative description of the services rendered for the Debtors and the time expended, organized by project task categories, as follows:

A. Tax Restructuring Services

During the Final Fee Application Period, Deloitte Tax performed the following services:

1. Advised the Debtors regarding the restructuring and bankruptcy emergence process from a tax perspective;
2. Advised the Debtors on the cash tax effects of restructuring and bankruptcy transactions and the post-restructuring tax profile tax costs;
3. Assisted the Debtors with documenting certain tax analyses, development of the Debtors' recommendation, observations, and correspondence for tax matters related to various restructuring transactions;
4. Assisted the Debtors with their efforts to calculate tax basis in assets
5. Assisted the Debtors in calculating stock basis in each of the Debtors' subsidiaries or other equity interests;
6. Advised the Debtors with the preparation of tax modeling to assess the U.S. federal income tax implications of liquidating, disposing of assets, merging or converting entities as part of multiple proposed restructuring alternatives, including the effects on federal and state tax attributes, state incentives, apportionment and other tax

planning. Tax modeling services involved the following:

- i. Assessing the implications of cancellation of debt income for tax purposes under Internal Revenue Code (“IRC”) section 108;
 - ii. Analyzing the Debtors post-restructuring or post-bankruptcy tax attributes (tax basis in assets, tax basis in subsidiary stock, and net operating loss carryovers) available under the applicable tax regulations and the reduction of such attributes based on the Debtors’ operating projections, including a technical analysis of the effects of Treasury Regulation Section 1.1502-28 and the interplay with IRC sections 108 and 1017;
 - iii. Analyzing the effects of tax rules under IRC sections 382(l)(5) and (l)(6) pertaining to the post-bankruptcy net operating loss carryovers and limitations on their utilization, and the Debtors’ ability to qualify for IRC section 382(l)(5);
7. Advised the Debtors on net built-in gain or net built-in loss position at the time of “ownership change” (as defined under IRC section 382), including limitations on use of tax losses generated from post-restructuring or post-bankruptcy asset or stock sales;
8. Revised the “shift analysis” under section 382 of the Internal Revenue Code and assisted the Debtors in responding to inquiries regarding waivers to stock transfer restrictions; and
9. Advised the Debtors on income tax return reporting of certain bankruptcy issues and related matters, including:
 - i. Considering the income tax treatment of certain restructuring transactions in various jurisdictions, including cancellation of indebtedness calculations,

adjustments to tax attributes, and limitations on tax attribute utilization; and

- ii. Considering the Debtors' available tax attributes (tax basis in assets, tax basis in subsidiary stock, and net operating loss carryovers) following certain restructuring transactions.

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|---|----------------------|-----------------|
| Tax Restructuring Services | 8,131.2 Hours | \$ 4,770,138.50 |

B. State Tax Audit Services

During the Final Fee Application Period, Deloitte Tax advised the Debtors on responding to tax notices and audit assessments from various taxing authorities, including payroll and sales tax assessments related to pre-petition tax periods.

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|---|----------------------|--------------|
| State Tax Audit Services | 96.4 Hours | \$ 72,037.50 |

C. Employment Tax

During the Final Fee Application Period, Deloitte Tax performed general consulting related to employment tax matters and the tax treatment of executive compensation and bonus payments:

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|---|----------------------|-------------|
| Employment Tax | 5.2 Hours | \$ 4,920.00 |

D. Engagement Procedures

During the Final Fee Application Period, Deloitte Tax prepared access letters for the Debtors' Advisors:

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|---|----------------------|-------------|
| Engagement Procedures | 9.4 Hours | \$ 3,855.00 |

E. Firm Retention

During the Final Fee Application Period, Deloitte Tax prepared its Declaration for retention to be filed with this Court:

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|--|---------------|-------------|
| Firm Retention | 2.0 Hours | \$ 1,700.00 |

F. Tax Transaction Services

During the Final Fee Application Period, Deloitte Tax performed the following services in this category:

1. Advised the Debtors with respect to the tax effects of the Debtors' debt exchange transaction;
2. Advised the Debtors regarding the preparation of original issue discount calculations;
3. Reviewed the offering memorandum related to the exchange of certain notes held by certain of the Debtors' creditors to advise the Debtors on tax reporting requirements; and
4. Advised the Debtors on federal income tax filing requirements associated with the aforementioned debt exchange transaction.

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|--|---------------|--------------|
| Tax Transaction Services | 91.5 Hours | \$ 22,658.50 |

G. Non-Working Travel Time

During the Final Fee Application Period, Deloitte Tax personnel were required to travel for in-person meetings with the Debtors' Management and other advisors to the Debtors. Deloitte Tax has taken a 50% reduction of these fees:

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|--|---------------|------|
|--|---------------|------|

| | | |
|---|--------------------|-----------------------|
| Non-Working Travel Time Prior to Reduction | 508.6 Hours | \$ 306,898.00 |
| <i>Less: 50% Reduction</i> | | (\$153,449.00) |
| Total Non-Working Travel Time Net of Reduction | | \$153,449.00 |

H. Preparation of Fee Applications

During the Final Fee Application Period, staff for Deloitte Tax prepared various monthly and interim fee applications in accordance with the Interim Compensation Order. The fees sought for the preparation of monthly and interim fee statements and schedules in this and in prior fee applications represent 1.6 % of all fees requested by Deloitte Tax to date for this category.

| Total Category (Oct. 15, 2018 – June 30, 2022) | Time Expended | Fees |
|---|----------------------|---------------------|
| Preparation of Fee Applications | 263.9 Hours | \$ 88,974.50 |
| <i>Less: Voluntary Reduction</i> | | (\$5,425.00) |
| Total Preparation of Fee Applications Net of Reduction | | \$ 83,549.50 |

ALLOWANCE OF COMPENSATION

A. Compensation Sought

15. Because of the benefits realized by the Debtors, the nature of services provided, the amount of work performed, the time consumed and the skill required, Deloitte Tax requests that it be allowed, on a final basis, compensation for the professional services rendered during the Final Fee Application Period in the sum of \$5,112,308.00.

16. Allowance of compensation in the amount requested would result in a blended hourly billing rate for professionals of approximately \$561.29. The fees charged by Deloitte Tax in these chapter 11 cases are billed in accordance with its existing billing structure and procedures in effect during the Final Fee Application Period.

17. Deloitte Tax respectfully submits that the professional services rendered by Deloitte Tax for the Debtors during the Final Fee Application Period were reasonable, necessary and appropriate to the administration of these chapter 11 cases and related matters.

B. Reimbursement of Actual and Necessary Expenses Incurred by Deloitte Tax

18. Deloitte Tax has disbursed, and requests reimbursement for, a total of \$86,889.85 in expenses associated with providing professional services for the Debtors during the Final Fee Application Period, which represent actual, necessary expenses incurred in the rendition of professional services in these chapter 11 cases.

19. Deloitte Tax believes that the actual expenses incurred in providing professional services during the Final Fee Application Period were necessary, reasonable and justified under the circumstances to provide services to the Debtors in these chapter 11 cases.

DELOITTE TAX'S REQUESTED FEES AND REIMBURSEMENT OF EXPENSES

SHOULD BE ALLOWED BY THIS COURT

20. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code “reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a)(1). Section 330 sets forth the criteria for the award of compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded . . . the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (a) the time spent on such services;
- (b) the rates charged for such services;
- (c) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (d) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (e) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and

- (f) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

21. In these chapter 11 cases, Deloitte Tax respectfully submits that the services for which it seeks compensation in the Final Fee Application Period were necessary for and beneficial to the Debtors and were performed economically, effectively, and efficiently. Deloitte Tax further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors. Further, in accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount of fees requested is fair and reasonable given: (i) the complexity of these chapter 11 cases; (ii) the time expended; (iii) the nature and extent of the services rendered; (iv) the value of such services; and (v) the costs of comparable services other than in a case under the Bankruptcy Code. Accordingly, the approval of the compensation and expense reimbursement sought herein is warranted.

CERTIFICATE OF COMPLIANCE AND WAIVER

22. Finally, as set forth in Exhibit C attached hereto, the undersigned representative of Deloitte Tax certifies that it has reviewed the requirements of rule 2016-1 of the Local Rules and that the Final Fee Application substantially complies with that Local Rule. To the extent that the Final Fee Application does not comply in all respects with the requirements of Local Rule 2016-1, Deloitte Tax believes that such deviations are not material and respectfully requests that any such requirement be waived.

WHEREFORE, Deloitte Tax respectfully requests that, for the period from October 15, 2018 through June 30, 2022, the Court (i) grant Deloitte Tax final allowance of compensation in the amount of \$5,112,308.00 for professional services rendered during the Final Fee Application Period and reimbursement of actual and necessary expenses in the amount of \$86,889.85 for a total allowance of \$5,199,197.85, (ii) authorize and direct the Debtors to pay the foregoing amounts to the extent not previously paid, and (iii) grant such other and further relief as may be just and proper.

Dated: August 9, 2022
Chicago, Illinois

Respectfully submitted,

/s/ Thomas C. Hermanson
Deloitte Tax LLP
Thomas C. Hermanson, Managing Director
111 S. Wacker Drive
Chicago, Illinois 60606-4301
Telephone: 312-486-9858

TAX SERVICES PROVIDER

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111 S. Wacker Drive
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Telephone: 312-486-9858
Thomas C. Hermanson
Tax Services Provider

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS FOR
PROFESSIONALS IN RESPECT OF FINAL FEE APPLICATION OF
OF DELOITTE TAX LLP FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED AS TAX SERVICES PROVIDER FOR
THE DEBTORS FOR THE PERIOD OCTOBER 15, 2018 THROUGH JUNE 30, 2022**

THOMAS C. HERMANSON, deposes and says:

1. I am a managing director of Deloitte Tax LLP (“Deloitte Tax”), which has an office located at 111 S. Wacker Drive, Chicago, Illinois 60606. I make this certification in connection with the final fee application (the “Application”) of Deloitte Tax, in the above-captioned debtors’ (the “Debtors”) chapter 11 cases.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears de Puerto Rico, Inc. (3626)); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation (4658)); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is c/o M-III Partners, LP, 1700 Broadway, 19th Floor, New York, NY 10019.

2. I submit this certification with respect to Deloitte Tax's compliance with and pursuant to the Court's General Order M-447, the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York adopted by the Court on November 25, 2009 (the "Local Guidelines"), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330 adopted on January 30, 1996 (the "UST Guidelines") (collectively, and with the Order Pursuant to Sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated November 16, 2018 (Docket No. 796) (the "Compensation Order"), the "Guidelines").

3. In compliance with the Guidelines, I hereby certify that:

a. I have read the Application and am familiar with the services for which compensation is being sought that are described therein;

b. To the best of my knowledge, information and belief, the fees and disbursement sought in the Application are in substantial compliance with the Guidelines.

c. The fees and disbursements sought in the Application are billed at rates or in accordance with practice customarily employed by Deloitte Tax for similar services and generally accepted by Deloitte Tax's clients.

d. Deloitte Tax has not made a profit with respect to the expenses requested in the Application.

e. No agreement or understanding exists between Deloitte Tax and any other non-affiliated or unrelated person or persons for the sharing of compensation received or to be received for professional services rendered in or in connection with these chapter 11 cases.

g. Deloitte Tax has not entered into any agreement with the office of the United States Trustee, the Debtors (other than the engagement agreements with

the Debtors), any creditor or any other party in interest, for the purpose of fixing the amount of any of the fees or other compensation allowed out of or paid from the assets of the Debtors.

h. Copies of the Application were provided to the appropriate parties on or about the date set for the filing of fee applications by the Compensation Order.

/s/ Thomas C. Hermanson
Declarant: Thomas C. Hermanson
Title: Managing Director

Dated: August 9, 2022

Exhibit A

**Professional Fees for the Fee Period
January 1, 2022 through June 30, 2022**

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

January 01, 2022 - June 30, 2022

| Date | Description | Rate | Hours | Fees |
|---|--|----------|-------|------------|
| <i>Preparation of Fee Applications</i> | | | | |
| 01/04/2022 | | | | |
| McDonald, Carisa | Prepare fifth interim fee application. | \$450.00 | 3.1 | \$1,395.00 |
| 02/09/2022 | | | | |
| Sullivan, Brian | Review fifth interim fee application draft and provide comments to C. Chatten (Deloitte) | \$850.00 | 0.5 | \$425.00 |
| 03/03/2022 | | | | |
| Chatten, Colin | Revise fifth interim fee application. | \$450.00 | 2.0 | \$900.00 |
| 03/04/2022 | | | | |
| Sullivan, Brian | Review application for fourth interim fee application. | \$850.00 | 0.4 | \$340.00 |
| Subtotal for Preparation of Fee Applications: | | | 6.0 | \$3,060.00 |

Tax Restructuring Services

| | | | | |
|-----------------|---|----------|-----|----------|
| 01/03/2022 | | | | |
| Sullivan, Brian | Review email from R. Lynch (Illinois Attorney General's Office) regarding Claim 20586 regarding sales/use tax and responsible person assessments | \$850.00 | 0.2 | \$170.00 |
| 01/05/2022 | | | | |
| Sullivan, Brian | Review email correspondence between M. Kohberger (Deloitte) and M. Korycki (Miii) regarding Illinois sales tax audit/notices | \$850.00 | 0.1 | \$85.00 |
| 01/21/2022 | | | | |
| Sullivan, Brian | Review email correspondence between M. Korycki (Miii) and M.P. Kohberger (Deloitte) regarding rejection by Illinois Dept. of Revenue due to Power of Attorney deficiencies related to sales tax assessments | \$850.00 | 0.3 | \$255.00 |
| 01/24/2022 | | | | |
| Sullivan, Brian | Review email correspondence between D. Cornellier (IL Dept of Revenue), MP Kohberger (Deloitte) and M. Korycki (Miii) regarding Illinois sales tax assessment of Sear Roebuck & Co. | \$850.00 | 0.3 | \$255.00 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

January 01, 2022 - June 30, 2022

| Date | Description | Rate | Hours | Fees |
|-----------------------------------|---|----------|-------|------------|
| <i>Tax Restructuring Services</i> | | | | |
| 01/25/2022 | | | | |
| Sullivan, Brian | Review email correspondence between A. King (Illinois Department of Revenue) and M. Korycki (Miii) regarding revised power of attorneys submitted authorizing Deloitte Tax as represented in Illinois sales tax audit assessment protests | \$850.00 | 0.2 | \$170.00 |
| 01/31/2022 | | | | |
| Sullivan, Brian | Review draft protest appeals for Illinois sales tax assessments against E. Lampert and R. Riecker prepared by Deloitte at request of M. Korycki (Miii) | \$850.00 | 0.4 | \$340.00 |
| 02/07/2022 | | | | |
| Sullivan, Brian | Review email from M. Korycki (Miii) regarding proposed edits to Illinois sales tax protests for E. Lampert and R. Riecker | \$850.00 | 0.3 | \$255.00 |
| 04/15/2022 | | | | |
| Suresh, Shalini | Update the shift model for purchase and sale | \$595.00 | 2.2 | \$1,309.00 |
| 04/18/2022 | | | | |
| Suresh, Shalini | Review the shift model after making updates for issuance and purchase. | \$595.00 | 0.8 | \$476.00 |
| 06/08/2022 | | | | |
| Savage, Tara | Email to A. Boulos and S. Suresh (Deloitte) regarding updated shifts after inclusion of additional sales. | \$725.00 | 0.3 | \$217.50 |
| 06/09/2022 | | | | |
| Savage, Tara | Call with S. Suresh (Deloitte) to review 2021 sale updates and projections for year-end delivery. | \$725.00 | 0.5 | \$362.50 |
| Savage, Tara | Call with S. Suresh (Deloitte) to discuss 2021 sale updates and projections for year-end delivery | \$725.00 | 1.8 | \$1,305.00 |
| Suresh, Shalini | Call with T. Savage (Deloitte) to discuss 2021 sale updates and projections for year-end delivery | \$595.00 | 1.8 | \$1,071.00 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

January 01, 2022 - June 30, 2022

| Date | Description | Rate | Hours | Fees |
|--|---|----------|-------------|--------------------|
| <i>Tax Restructuring Services</i> | | | | |
| 06/09/2022 | | | | |
| Suresh, Shalini | Call with T. Savage (Deloitte) to review 2021 sale updates and projections for year-end delivery. | \$595.00 | 0.5 | \$297.50 |
| 06/10/2022 | | | | |
| Suresh, Shalini | Update the shift model for 2021 sales, including the projection scenarios. | \$595.00 | 2.1 | \$1,249.50 |
| Subtotal for Tax Restructuring Services: | | | 11.8 | \$7,818.00 |
| Total | | | 17.8 | \$10,878.00 |

Recapitulation

| Name | Rate | Hours | Fees |
|------------------|----------|-------|------------|
| Sullivan, Brian | \$850.00 | 2.7 | \$2,295.00 |
| Savage, Tara | \$725.00 | 2.6 | \$1,885.00 |
| Suresh, Shalini | \$595.00 | 7.4 | \$4,403.00 |
| Chatten, Colin | \$450.00 | 2.0 | \$900.00 |
| McDonald, Carisa | \$450.00 | 3.1 | \$1,395.00 |